GenAI – Transforming the UK Banking Sector

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JUNIPER RESEARCH

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1.1 Foreword

Peter Donlon

CTO, Zopa Bank

"Generative Artificial Intelligence (GenAI) is no longer a distant concept—**it is here, and it is already reshaping jobs**, industries, and entire economies at remarkable speed. In the years ahead, few aspects of our professional and personal lives will remain untouched by its influence.

Nowhere is this shift more consequential than in **financial services**. The banking sector in particular, long known for its resilience and ability to adapt, is now at the forefront of the GenAI revolution.

As the industry embraces this new wave of innovation, understanding its full implications has never been more important. For the first time, this study provides a comprehensive look at the **seismic impact of GenAI on the UK banking industry** — as both a force for extraordinary innovation and a catalyst for deep structural change.

The opportunity is tangible. By 2030, UK banks are projected to invest over £1.8 billion ($2.5 billion) into GenAI technologies, seeking gains in productivity, cost-efficiency, and service excellence. At the same time, this investment ushers in a once-in-a-generation opportunity to re-skill and **reimagine the workforce** that powers our financial system.

Yet this evolution also raises valid and urgent questions—about jobs displacement, the future of human-machine collaboration, and how the sector can ensure that the **benefits of AI** are inclusive, ethical, and sustainable.

To help ground this discussion in **facts and actionable insights**, Zopa Bank has partnered with Juniper Research to explore GenAI's impact in depth—building on our own longstanding leadership in AI and machine learning. This report is the result of that collaboration.

We hope it will inform, challenge, and inspire. Above all, our aim is to equip banks, fintechs, regulators, and policymakers with the insight needed to seize this historic moment—to **shape the jobs of the future**, not simply react to them."

Table 1.2.1: Key Findings of the Report

Total Cost Saving from GenAI Use in Banking in 2030	£1.8 billion
Total Bank Spend on GenAI Deployments in 2030	£1.8 billion
Total Time Savings from GenAI Use in 2030	187 million hours
Total Potential Job Losses to GenAI in the UK Banking Sector by 2030	27,000 - 10% of sector

Source: Juniper Research

***Key Finding -** GenAI can be truly transformative, creating significant opportunities for banks to unlock their potential. Banks can use GenAI to increase the pace of development of their services and upskill their staff to take advantage of the new ways of working GenAI unlocks. Generating a 100% ROI at this early stage shows the vast potential for disruption, with GenAI set to generate significant value for banks.*

Methodology

The study was conducted by Juniper Research, a UK-based analyst house covering the banking, fintech and payment markets. Data is obtained from a variety of sources, including from regulators, trade bodies and from its own internal databases, compiled based on interviews with key stakeholders. The data uses a bottom-up methodology to model the impact on key activities of GenAI deployment. For more details, please contact Juniper Research.

2. Understanding the UK Banking Market

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2.1 How Banking Works in the UK: A Holistic Overview

Generative AI, also known as GenAI, is having a major impact on banking, and is set to transform the ways banks operate on a day-to-day basis.

As such, Juniper Research defines GenAI platforms as:

'Platforms that are capable of generating text, images, or other media, using generative models. GenAI models learn patterns and structure from input training data and then generate new data that has similar characteristics.'

GenAI is a relatively new form of AI/Machine Learning (ML) technology. It distinguishes itself from its predecessors by utilising the data it is trained on to generate new content in various forms, rapidly responding to text prompts. Moreover, by using text from user input, GenAI applications can engage in conversations (through structuring and recombining word structures), answer queries, and learn from interactions.

2.1.1 Biggest Players in UK Banking

The UK banking sector is dominated by a few large, well-established banks, often referred to as the "big five" alongside some significant building societies and challenger banks.

The largest banks by brand value and assets as of 2025 are:

Figure 2.1: Biggest Players in UK Banking

Source: Juniper Research

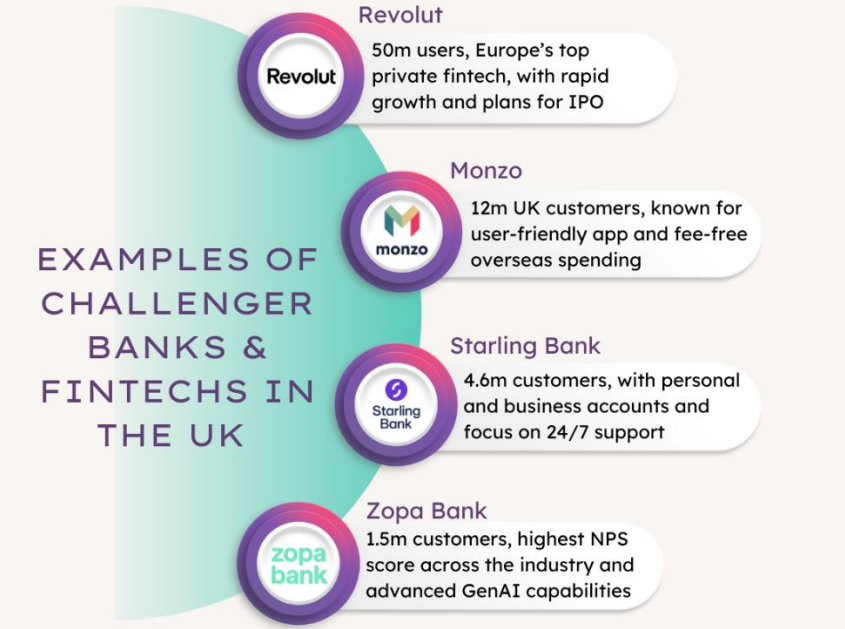
Standard Chartered can also be considered one of the largest banks. Although it has less domestic UK retail presence, Standard Chartered is significant with assets of £647 billion and focuses on emerging markets in Asia, Africa, and the Middle East. It offers retail and corporate banking, wealth management, and investment banking.

Other notable players include Nationwide Building Society (largest mutual building society), and Virgin Money UK.

2.1.2 Challenger Banks in the UK

Challenger banks are typically relatively new, smaller banks designed to compete with the high street banks, such as those previously mentioned in the UK. Typically, these banks operate primarily through digital channels, offering innovative, customer-focused services, with lower fees, user-friendly apps, and faster account setup compared to high street banks.

Figure 2.2: Examples of Challenger Banks in the UK



Source: Juniper Research

These banks typically disrupt the banking market by prioritising customer experience, introducing features like real-time notifications, automated savings, and budgeting tools.

Zopa is another interesting example, being a digital bank which initially focused on the lending and savings and has since branched out to providing everyday banking services, reaching 1.5 million users in 2025.[1]Another notable digital bank is Tide, which focuses on SMEs and freelancers by offering free business accounts with integrated accounting and expense management tools. Other challenger banks include OakNorth Bank, The Bank of London, and ClearBank which all focus on business and clearing services as opposed to retail banking.

While some banking-like services are offered by unlicensed fintechs and other brands, the focus of this study is on the banking sector itself.

2.1.3 Business Models of UK Banks

UK banks typically operate as universal banks, offering a broad range of financial services across retail, corporate, investment, and private banking. Their business models include:

Figure 2.3: Business Models of UK Banks

Source: Juniper Research

[1] https://www.zopa.com/blog/article/zopa-bank-doubles-full-year-profit

- Retail Banking: providing current accounts, savings, mortgages, personal loans, credit cards, and insurance to individual consumers and small businesses. This segment is highly competitive and increasingly digitalised.
- Corporate and Investment Banking: serving large companies with financing, advisory, trading, and risk management products. Investment banking is a significant revenue source for banks like HSBC and Barclays.
- Private Banking & Wealth Management: offering tailored financial advice and services to high-net-worth individuals.
- Building Societies: mutual organisations, such as Nationwide, operate for the benefit of members, focussing on savings and mortgage products with a customer-centric approach.

The UK banking sector is also experiencing transformation driven by digital innovation, regulatory changes - such as Open Banking and the Second Payment Services Directive (PSD2) - and competition from challenger banks and fintech firms. The impact of this change is exemplified by Open Banking reaching 13.3 million active users as of March 2025. While new entrants have carved out niches in payments and FX, the major banks still dominate core lending markets.

i. Roles & Responsibilities Within Banks

Banks in the UK are vertically integrated and structured into various divisions with distinct roles:

- Retail Banking Divisions: manage customer accounts, deposits, lending (mortgages, personal loans), and everyday banking services. They focus on customer acquisition, service, and digital platforms.
- Corporate Banking Divisions: provide business loans, cash management, trade finance, and advisory services to SMEs and large corporations.
- Investment Banking Divisions: handle capital markets activities, mergers and acquisitions advisory, underwriting, and trading.
- Wealth Management and Private Banking: deliver personalised financial planning, investment management, and estate planning, for affluent clients.
- Risk Management and Compliance: ensure regulatory compliance, manage credit risk, market risk, operational risk, and anti-money laundering controls.
- Technology and Innovation: develop digital banking platforms, cyber security, data analytics, and customer experience enhancements.
- Support Functions: include finance, human resources, marketing, and legal departments, supporting overall bank operations.

Figure 2.4: Roles and Responsibilities Within Banking

Source: Juniper Research

2.1.4 Top Areas in Banking Primed for GenAI Disruption

Gen AI is rapidly transforming the banking sector, with adoption accelerating across a wide range of functions. This chapter includes a holistic analysis of the areas most primed for GenAI disruption, including data on complexity and the scale of manual work involved. We anticipate that these areas will see the most AI investment, with strengthened security, personalisation, and faster-time-to-market as key driving forces.

i. Knowledge Worker Augmentation

GenAI tools are increasingly used to assist knowledge workers, such as analysts and compliance officers, by automating research, report generation, and decision support. These roles require nuanced understanding and contextual judgment, making GenAI's ability to synthesise information and generate insights particularly valuable. These roles traditionally require a substantial amount of manual work, in the form of extensive manual data analysis, document drafting, and regulatory research.

Another area this is true of is in engineering. A large proportion of a modern bank's headcount is in engineering, but with AI advancement, this will significantly lower the cost in terms of labour for creating new products, tools and features. This will allow engineers to focus on creating more innovative features and more effective experiences.

ii. Customer Service Automation

GenAI powers chatbots, virtual assistants, and real-time monitoring tools which handle customer enquiries, complaints, and even complex product advice. While basic queries are typically straightforward, handling nuanced or sensitive customer interactions requires advanced AI models. This includes a very high level of manual work, with customer service teams having labour-intensive roles requiring a high number of staff to manage the high volume of interactions.

iii. Compliance Automation & Regulatory Reporting

GenAI automates the collection, analysis, and reporting of compliance data, reducing the burden of regulatory requirements. Regulatory reporting involves a high-level of expertise, due to the nature of interpreting evolving regulations and ensuring accurate, auditable reporting. Compliance teams traditionally spend thousands of hours on manual checks, form-filling, and documentation.

iv. Fraud Detection & Risk Management

AI models analyse vast datasets to detect unusual patterns, prevent fraud, and improve credit risk assessments. This typically involves a high-level of complexity, requiring real-time analysis of complex, high-volume transaction data. Traditionally, fraud detection and risk management involve a significant amount of manual review and investigation of flagged transactions.

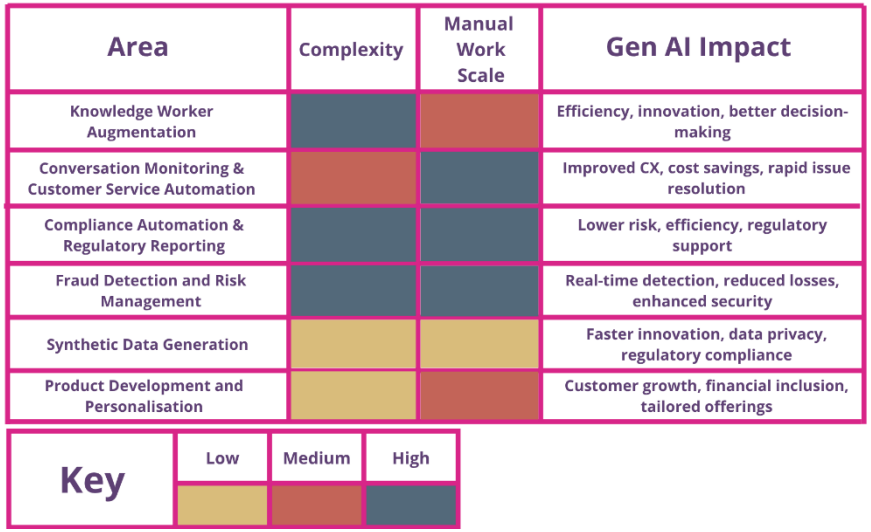
v. Product Development & Personalisation

GenAI accelerates the ideation, simulation, and launch of new banking products, as well as hyper-personalised marketing and customer engagement. This involves a moderate level of complexity, due to creative and analytical tasks. Product teams previously relied on manual market research and campaign design– however, GenAI can drive faster time-to-market and personalised offerings.

GenAI is set to transform areas which have the most manual, repetitive, and data-intensive work, especially customer service, compliance, and risk management. The most complex areas (compliance, risk, and knowledge work) are seeing rapid GenAI adoption, due to the technology's ability to handle vast, unstructured datasets and its nuanced decision-making. Early adopters are seeing increased productivity improvements and significant cost reductions. Banks are moving from experimentation to embedding GenAI at the core of operations, aiming for both efficiency and revenue growth.

GenAI's reach in banking is broad, but its deepest disruption will be felt in those areas where manual processes and complexity have historically limited speed, scalability, and innovation. Figure 2.5 below shows the key impacts of GenAI in different areas.

Figure 2.5: GenAI Impact Summary



Source: Juniper Research

vi. Personal Financial Management

A key area of disruption will be in personalisation and personal financial management. For many years, achieving a truly personalised experience has been a key goal of banks, but has been difficult to achieve with legacy systems. GenAI changes this proposition. This creates possibilities – a customer having a personal financial assistant in their banking app, making advanced recommendations on investments or savings, and automatically making clever decisions, such as moving money to avoid fees and charges or automatically activating rewards offers when needed. GenAI will enable a significant shift, and will redefine what we see as the established banking app experience.

2.1.5 Limitations of Existing Approaches

This section covers the limitations of existing approaches that utilise nascent forms of GenAI technology, such as Robotic Process Automation (RPA) and rules-based fraud prevention. Looking to the future, we anticipate that GenAI in banking will move beyond the rigid limitations of RPA and rules-based systems, enabling banks to automate more sophisticated processes and respond dynamically to new challenges.

i. Robotic Process Automation

GenAI in banking represents a significant evolution beyond traditional automation and rules-based systems. RPA demands highly standardised workflows, but many banks have fragmented processes across departments. Non-standard procedures force institutions to overhaul existing systems before automation; reducing agility.

a) Limited Adaptability to Complexity

While RPA is undoubtedly effective for repetitive tasks, (eg data entry), RPA is not capable of carrying out decision-intensive processes like loan underwriting or exception handling by itself, rather it requires human intervention. Over-reliance on RPA tools risks errors in non-standard scenarios, but where GenAI is added, this can significantly improve the process.

b) Workforce and Skill Gaps

A shortage of professionals skilled in both banking operations and RPA technology hinders RPA adoption. Banks often resort to costly partnerships with external experts, rather than upskilling internal teams.

c) Security and Compliance Risks

Automating sensitive processes, for example Know Your Customer (KYC) checks, increases exposure to data breaches if access controls or encryption protocols are inadequate. Regulatory alignment also becomes harder as rules evolve.

d) Scalability Constraints

Initial RPA pilots often fail to scale, due to technical debt from poorly architected workflows and insufficient monitoring tools. Maintenance costs surge as bots require updates for changing systems.

ii. Rules-based Fraud Prevention

Traditional rules-based systems typically flag suspicious transactions based on predefined criteria (e.g. transaction amount or location), but they struggle with new fraud patterns and generate many false positives.

a) Static Detection Capabilities

Rules-based systems rely on predefined conditions (e.g. 'flag transactions >£10,000'), making them ineffective against novel fraud patterns. Fraudsters exploit blind spots between rule updates.

b) High False Positives

Overly broad rules block legitimate transactions, increasing operational costs. For example, geographic restrictions may flag valid cross-border purchases.

c) Manual Maintenance Burden

Updating rules requires constant human intervention, creating lag times during fraud surges. Teams often retain outdated rules due to fear of disrupting workflows.

d) Lack of Contextual Awareness

These systems cannot analyse behavioural patterns (e.g. spending habits) or correlate data across channels, missing sophisticated schemes like synthetic identity fraud.

e) Fragmented Ownership

Many institutions lack clear governance frameworks for rule management, leading to redundant or conflicting policies. 60% of banks report 'orphaned rules' with no designated owner.

3. GenAI's Impact on Key Banking Segments

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3.1 Introduction to Key Segments

GenAI is rapidly transforming banking by enabling hyper-personalised customer service, automating portfolio management, and enhancing back-office operations such as compliance and fraud detection. This shift is driving operational efficiency, cost reduction, and more-resilient risk management, and positioning banks to deliver smarter, more-secure, and customer-centric financial services at scale.

3.2 Customer Service – Reinvented by GenAI

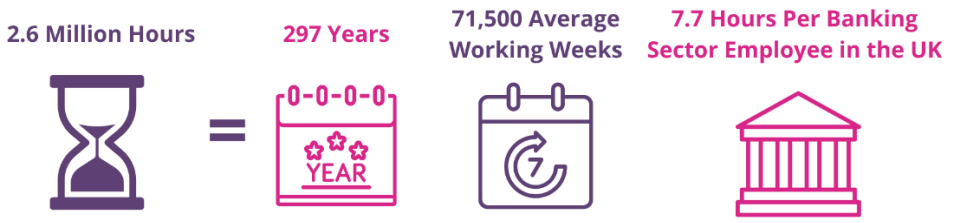
GenAI enables hyper-personalised customer engagement, delivering tailored financial advice, proactive nudges, and real-time responses based on customer data and activity. Advanced AI-powered chatbots and virtual assistants provide natural, context-rich interactions, resolving customer queries efficiently and reducing reliance on human agents. High street banks historically relied on in-person interactions at physical branches, emphasising building relationships face-to-face through consultations. However, legacy systems often caused delays in transactions and limited scalability, while regulatory hurdles such as KYC checks added friction to the process.

Virtual assistants and Conversational AI are key modern tools that are reshaping customer service across banking, with 24/7 support and personalised interaction. Initial examples include NatWest's AI assistant Cora and platforms such as CloudTalk, which have demonstrated transformative applications such as using natural language conversations to assess eligibility, chat-based onboarding for KYC automation, and analysis of voice or chat patterns to flag suspicious activity. GenAI enables always-available service, while tailoring interactions with real-time insights, from analysing transaction history to alerting customers about unusual spending or upcoming bills. Spending pattern analysis can also be used for adaptive recommendations, such as suggesting travel cards for frequent flyers. By integrating AI with human expertise, banks can achieve a balance between 24/7 access and personalised and trust-building services.

3.2.1 Customer Service – Measuring Effectiveness

The total time saved from AI use in customer service in banking will start at 2.6 million hours in 2025, increasing by over 900% to 26.3 million hours by 2030. The annual increments grow larger, as we anticipate the accelerating adoption and impact of AI solutions in customer service.

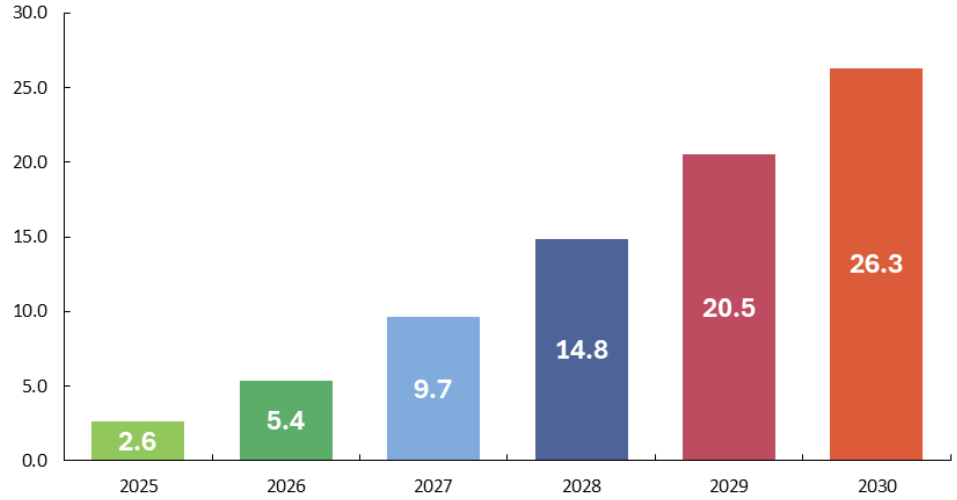
Figure 3.1: Time Saved from GenAI in Customer Service



Source: Juniper Research

These savings reflect a dramatic reduction in manual workload for customer service teams, allowing banks to reallocate resources to higher-value tasks. GenAI will enable enhanced customer experience, with faster response times and 24/7 support. As AI capabilities mature, banks can efficiently scale customer service operations, with proportional increases in staffing costs.

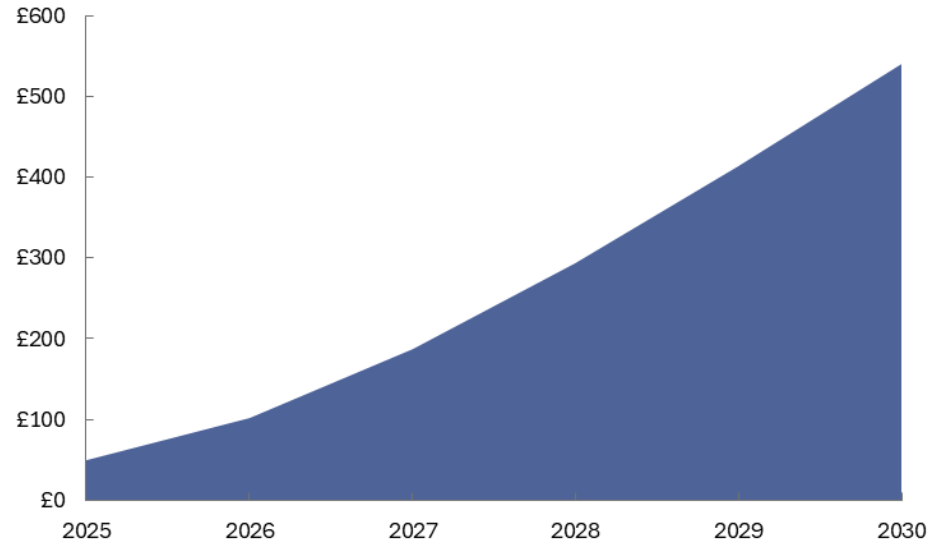
Figure 3.2: Total Time Saving from AI Use in Customer Service in the UK, (million hours), 2025-30



Source: Juniper Research

This analysis projects the annual cost saving if employee headcount in UK banking customer service is reduced proportionally to AI adoption, from 2025 through 2030. We anticipate theoretical cost savings will increase sharply year-on-year from £48.7 million in 2025, growing by over 1000% to £540 million by 2030. These cost savings reflect the potential for significant reductions in staffing costs as AI automates and replaces routine customer service tasks, such as handling enquiries, processing transactions, and providing account support.

Figure 3.3: Theoretical Cost Saving If Employee Headcount is Reduced in Line with AI Use in Customer Service (£m), UK, 2025-30 - £540 Million in 2030



Source: Juniper Research

GenAI enables banks to provide immediate assistance through advanced chatbots, virtual assistants, and instant 24/7 support. This responsiveness is a key driver of higher customer satisfaction, as customers increasingly expect real-time service. One key strength of this AI, which will be well deployed across customer service, is hyper-personalisation. AI can analyse individual customer data, preferences, and behaviours to offer tailored advice, product recommendations, and proactive solutions. We recommend that using this high level of personalisation can increase how valued customers feel and significantly boost satisfaction scores. Deploying AI can offer more reliability and consistency, by automating processes which reduce human error and ensure consistent service quality; further enhancing customer trust and positive experiences.

GenAI enables banks to anticipate customer needs, such as offering relevant products when life events are detected, leading to deeper engagement and long-

term loyalty. AI can reduce the effort required from customers, by automating routine tasks and resolving issues quickly. This creates a frictionless experience which makes customers less likely to switch to competitors. Furthermore, the leveraging of hyper-personalisation services alongside rapid problem resolution can help build trust, which can further help retain customers in a competitive market.

i. Key Challenges

a) Explainability

AI-driven customer service tools often function as 'black boxes', making it difficult for banks to clearly explain how decisions or recommendations are made. This lack of transparency can hinder regulatory compliance, limit customer recourse in the event of errors, and reduce confidence among both customers and regulators in the fairness and reliability of automated responses.

b) Trust

Customers may be reluctant to trust AI-driven service channels, due to concerns about data misuse, unclear decision-making, and the potential for errors or bias in responses. Building and maintaining trust requires banks to integrate human oversight, provide clear communication about AI use, and ensure that customers can escalate issues to human agents when needed.

c) Data Privacy

GenAI systems require access to large volumes of sensitive customer data to deliver personalised service, raising significant concerns about data breaches, unauthorised access, and compliance with stringent regulations such as General Data Protection Regulation (GDPR) and Anti-money Laundering (AML). The risk is heightened by the evolving tactics of fraudsters who can exploit AI-driven channels for sophisticated phishing, impersonation, or data exfiltration attacks, making robust data governance and security essential.

ii. Strategic Recommendations for Banks

a) Implement Transparent AI Governance & Human Oversight

Banks should establish clear AI governance frameworks that prioritise transparency and accountability throughout the GenAI deployment. This includes documenting how AI models make decisions, providing customers with understandable explanations for automated responses, and ensuring robust human-in-the-loop processes for escalation or review of complex cases. Such measures not only help meet regulatory requirements for explainability but also foster customer trust by demonstrating that AI is used responsibly and that human support is always accessible when needed.

b) Prioritise Data Privacy & Security in Personalisation Initiatives

To harness GenAI's hyper-personalisation strengths while safeguarding sensitive information, banks must adopt advanced data privacy and cyber security protocols. This involves encrypting customer data, minimising data retention to only what is necessary, and continuously monitoring for emerging threats and vulnerabilities. By transparently communicating these privacy measures to customers and ensuring compliance with regulations like GDPR and AML, banks can build confidence in their AI-driven services and promote themselves as trustworthy stewards of customer data.

3.3 Compliance and Fraud Detection in Banking – The GenAI Transformation

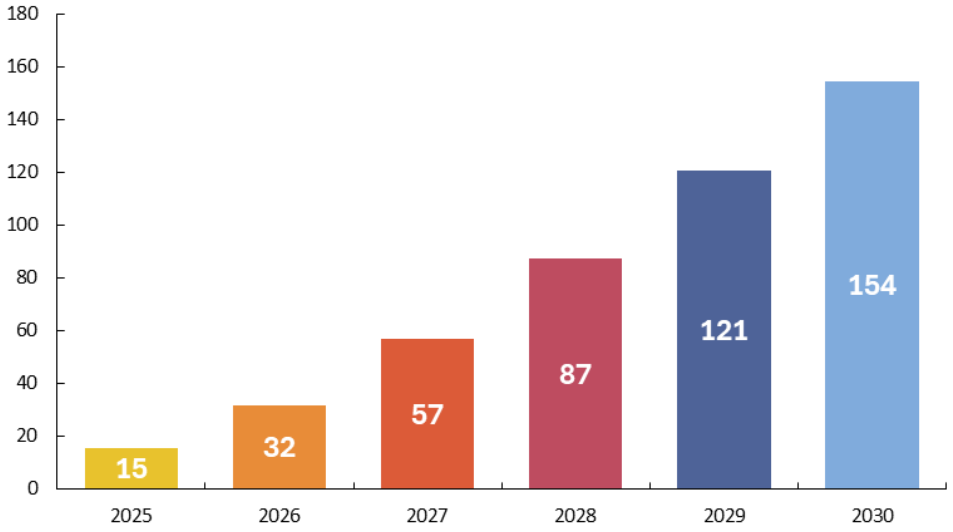
GenAI streamlines regulatory compliance by automating the processing of large volumes of regulatory documents, summarising updates, and aligning with internal policies. This helps reduce manual errors and the number of false positives, accelerating compliance tasks such as KYC and AML checks, ensuring banks can stay ahead of evolving regulations. For fraud detection, GenAI leverages deep learning to analyse transaction data in real-time, identifying subtle anomalies and emerging fraud patterns that traditional systems may miss. AI can be utilised to create synthetic fraudulent scenarios to train detection models, enhancing the ability to recognise both known and novel fraud types.

Traditional compliance processes in banks are highly manual and resource intensive. Teams must interpret and implement a constantly evolving landscape of regulations, conduct extensive document reviews, and manually monitor transactions for suspicious activity. These tasks are prone to human error, slow to adapt to regulatory changes, and often lead to operational bottlenecks, especially with growing data volumes and increasing complexity of regulations, globally.

3.3.1 Compliance & Fraud Detection – Quantifying the Impact

The impact of AI will be demonstrated by a sharp rise in the annual time savings from AI adoption in UK banking back-office operations, growing from 15 million hours in 2025 to 154 million hours by 2030. This exponential growth reflects accelerating AI adoption and greater automation of back-office processes.

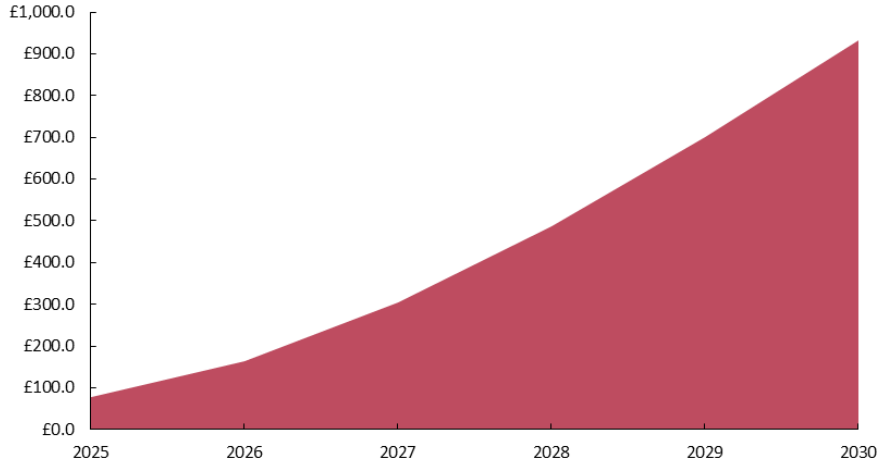
Figure 3.4: Total Time Saving from AI Use in Back-office Operations in Banking (million hours), 2025-30



Source: Juniper Research

The projected savings grow significantly over the forecast period, which highlights both the scalability of AI solutions and the compounding effect of automation in streamlining administrative, compliance, and operational tasks which are typically labour intensive. AI is automating routine back-office functions such as data entry, document processing, fraud detection, and compliance checks, drastically reducing the need for manual labour, and minimising errors.

Figure 3.5: Theoretical Cost Saving If Employee Headcount is Reduced in Line with AI Use in Back -office Tasks (£m), UK, 2025-30 - £923 Million in 2030



Source: Juniper Research

We anticipate that if employee numbers in back-office roles are reduced in line with AI adoption, the theoretical cost savings will grow from £76.5 million in 2025 to £923 million in 2030. This trend reflects the impact of accelerating generative AI adoption and automation in streamlining administrative, compliance, and operational tasks, which are typically labour intensive.

GenAI is poised to deliver substantial cost savings in back-office roles such as compliance and fraud detection, by providing automation and enabling more-efficient resource management. By automating tasks such as regulatory reporting, KYC/AML checks, and document analysis, GenAI significantly reduces the need for

large compliance teams. Banks can process onboarding and due diligence cases faster, lowering the per-case cost and allowing staff to focus on exceptions rather than routine reviews. By leveraging automation, this can reduce costly human errors which can result in regulatory fines or the need for expensive remediation efforts. This can offer regulatory adaptations, as GenAI can quickly adapt to new regulations, minimising the costs associated with manual policy updates and staff retraining. We anticipate that automating compliance tasks with GenAI could save the UK banking sector millions annually, by streamlining operations and reducing the headcount dedicated to manual compliance work.

i. Key Challenges

a) Regulatory Complexity & Compliance

Banks operate under strict and evolving regulations, such as GDPR and AML, making it challenging to ensure GenAI systems consistently meet all legal requirements. Non-compliance can result in severe penalties, and GenAI's ability to generate outputs autonomously introduces new risks around data handling, reporting, and conduct, which require careful oversight and ongoing adaptation of risk frameworks.

b) Data Privacy & Security Risks

GenAI relies on large volumes of sensitive data, raising concerns about privacy breaches, unauthorised access, and inadvertent exposure of personally identifiable information. Back-office functions such as KYC, AML investigations, and fraud detection must ensure robust data governance and security, to prevent data leaks and maintain regulatory compliance.

c) New Risks with GenAI Use

While GenAI has strong potential, there are challenges with its use that need to be navigated. For example, one innovative use could be using AI to link a user to their social media profiles, then using auto scanning tools to check identity versus social media images. However, with this comes several challenges. Gaining access to third party systems such as social media companies will create privacy risks, with users likely to be uncertain around this use of the technology. Even when implemented, there is no guarantee that the right images will even be present on social media, with a lot of potential different images to complicate matters. As such, while in principle, developing new products and solutions is high potential, banks must not lose their focus on creating compliant products and services that mitigate risk.

ii. Strategic Recommendations for Banks

a) Develop an Impact-driven AI Strategy with Strong Governance

Banks must move beyond siloed pilots and embed GenAI into a coherent strategic framework focused on high-impact use cases, such as compliance automation and fraud detection. We recommend banks establish clear governance structures with dedicated AI oversight teams. There are a few different ways this is being implemented in practice. One way would typically include creating a dedicated Chief AI Officer, or creating additional responsibility that are overseen by a Chief Technical Officer (CTO) or Chief Product Officer (CPO). These moves will help to ensure alignment with regulatory requirements and ethical standards, while improving performance.

By implementing robust controls for explainability, data privacy, and risk management, banks will build trust with regulators and customers alike. This will enable banks to prioritise scalable, modular AI solutions, which can be integrated across back-office functions to accelerate cost savings and operational efficiency.

b) Invest in Data Infrastructure & Human-AI Collaboration, to Enhance Trust

In order for banks to unlock the full potential of GenAI's cost-saving potential, we recommend that banks upgrade data management systems to ensure secure, high-quality, and compliant access to customer and transaction data, enabling AI models to deliver accurate and privacy-compliant outputs. By combining AI automation and human expertise in hybrid workflows, AI can manage routine compliance checks and fraud alerts while humans can focus on complex cases and oversight. This can help mitigate risks from AI errors and helps foster customer trust. We recommend that banks continuously monitor and stress-test AI models, to ensure durability and reliability under diverse scenarios, aligning with the principles of trusted AI governance.

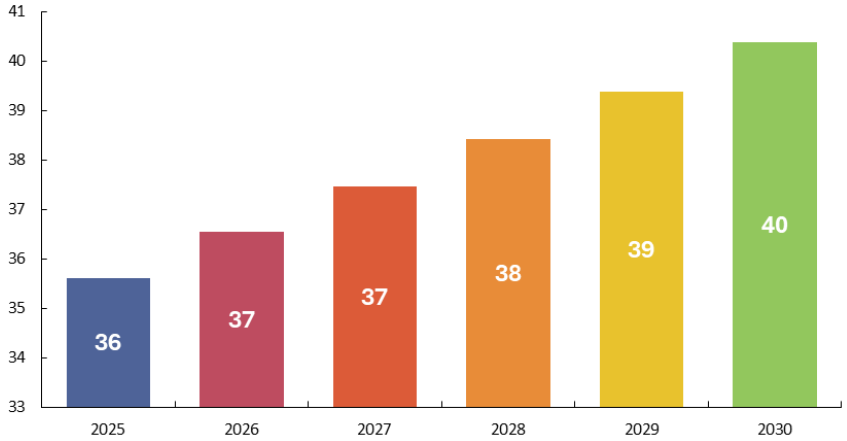
3.3.2 Portfolio Management – The GenAI Advantage

GenAI is rapidly reshaping portfolio management in the investment banking sector, by enabling smarter, faster, and more-personalised decision-making. GenAI processes massive real-time datasets from global markets, synthesising information across sources to generate actionable insights. It can simulate a variety of market scenarios, stress-test portfolios, and predict performance under different economic conditions, helping managers and clients make more-informed investment decisions. Unlike traditional AI, GenAI creates new perspectives by combining diverse data, enabling the discovery of hidden opportunities and more-robust risk management. GenAI analyses individual investor profiles, past behaviours, and stated goals to deliver hyper-personalised investment strategies and advice, at scale. This personalisation extends to communications, portfolio rebalancing, and even educational content for less experienced investors. While GenAI automates data analysis and reporting, human advisors remain critical for interpreting recommendations, providing strategic judgment, and ensuring ethical standards are met. GenAI automates the creation of portfolio reports, market summaries, and compliance documentation, reducing manual workload and improving consistency. Repetitive tasks, such as data aggregation, research, and even aspects of client onboarding, are increasingly handled by GenAI, freeing up professionals for higher-value activities. Early adopters report significant reductions in the manual processing time of research, reporting, and client communications. Banks leveraging GenAI in portfolio management are better positioned to offer high-value, differentiated services, especially in a market moving toward digital-first AI models.

3.3.3 Portfolio Management – Data & Outcomes

Our analysis shows that the total time spent by UK banking employees on portfolio management tasks is projected to gradually increase, from 36 million hours in 2025 to 40 million hours in 2030. With increased complexity of client needs and the ongoing challenges in workforce productivity, there is still a growing demand for GenAI across portfolio management services.

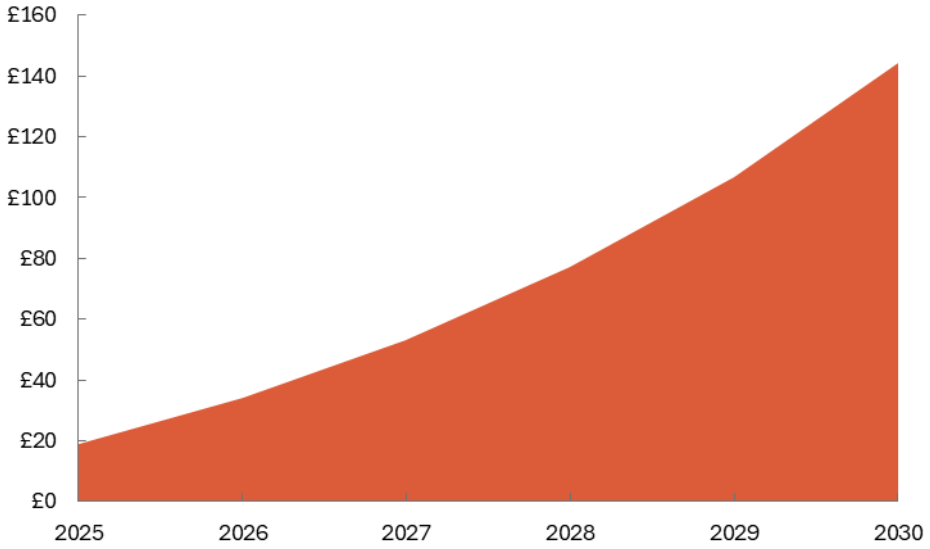
Figure 3.6: Total Time Spent by Banking Employees on Portfolio Management Tasks per Annum (million hours), UK, 2025-2030 – 40 Million Hours in 2030



Source: Juniper Research

Portfolio management remains a labour-intensive function in banking, requiring significant employee involvement year after year. Unlike back-office functions, where GenAI is expected to drive significant time and cost reductions, portfolio management appears resistant to automation-driven time savings. This may be due to the high level of expertise involved in the nature of these services, such as the need for personalised client services and compliance with regulatory standards. The continued high level of time investment may reflect ongoing challenges in improving efficiency, possibly due to a shortage of skilled professionals or increasing complexity in client and regulatory requirements.

Figure 3.7: Total Bank Spend on Adopting Generative AI for Portfolio Management (£m), UK, 2025-2030 - £145 Million by 2030



Source: Juniper Research

Our data shows that UK banks' investment in GenAI in portfolio management is projected to rise sharply, from £18.9 million in 2025 to £145 million by 2030. This spending will increase significantly, reflecting the growing relevance of automating tasks within this complex area.

We anticipate that GenAI will be a critical tool for portfolio management departments to gain a competitive edge against competing banks. This includes improving client service while managing increasingly complex investment portfolios. The growth in spend on GenAI will cover a range of initiatives including AI-powered analytics, personalised investment, recommendations, risk modelling, and automation of research and reporting tasks.

i. Key Challenges

a) Bias & Fairness

Algorithmic bias in GenAI models can perpetuate historical inequities, leading to unfair lending, trading, or risk assessment outcomes. This arises from biased training data and opaque decision-making processes. To ensure fairness, banks must conduct rigorous bias testing, diverse data sourcing, and ongoing model audits.

b) Model Reliability & Hallucinations

One key limitation of GenAI models is that they are prone to hallucinations, which generate plausible but false outputs unsupported by data. These errors stem from architectural flaws or noisy training data and pose severe risks in financial decision-making. This mitigation hinges on human oversight, model explainability tools, and the continuous validation against real-world outcomes.

ii. Strategic Recommendations

a) Build & Embed Robust AI Governance Frameworks

Banks should prioritise the development and integration of comprehensive AI governance structures across their organisations. This means establishing clear policies, standards, and processes that ensure AI systems are used ethically, transparently, and in compliance with all relevant regulations. We recommend that banks ensure all data used by AI is high-quality, secure, and compliant with privacy laws such as GDPR. This includes deploying data anonymisation mandates, transparent consent practices, and continuous monitoring for compliance. To ensure accountability and oversight, we recommend that banks define clear roles and responsibilities for AI-decision making. This will ensure there is no ambiguity about who is accountable if an AI system fails or makes an error. Cross-functional governance committees can help align AI initiatives with the bank's strategic objectives and regulatory obligations.

b) Focus on High-impact, Measurable Use Cases

Rather than attempting broad, organisation-wide AI transformations from the outset, banks should strategically target specific, high-impact applications of generative AI

which deliver immediate and measurable value. We recommend that banks start with clear business objectives, by identifying areas where AI can solve pressing challenges or create significant efficiencies, such as automating loan processing, enhancing fraud detection, or streamlining customer service. By focusing on well-defined use cases, banks can better manage risks, learn from early implementations, and refine their governance and oversight processes before scaling up.

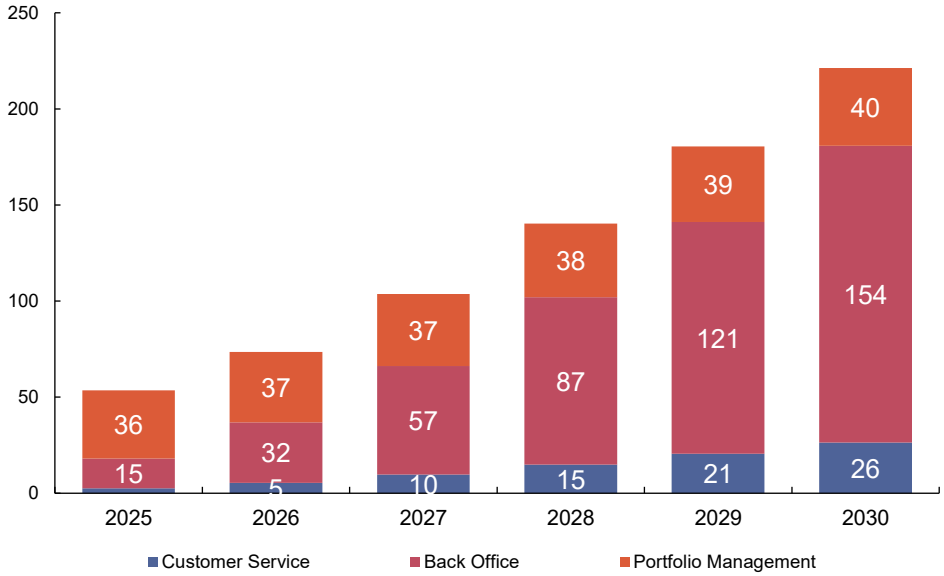
3.3.4 Impact Across Segments

This section will compare the deployment of GenAI in banking across all three sectors, which are customer service, back-office, and portfolio management.

By 2030, back-office automation will account for the majority of time savings (154 million hours), which is significantly more than customer service and portfolio management, at 26 million hours and 40 million hours respectively. While customer service initially has a lower base value at 3 million hours, it shows the steepest growth curve. This reflects the rapid roll-out of Conversational AI and self-service tools.

Portfolio management shows the closest to automation saturation, and future innovation will likely centre on augmenting human decision-making rather than replacing it. AI-driven time savings in UK banking will be led by back-office transformation, with customer service catching up rapidly and portfolio management already close to its automation ceiling.

Figure 3.8: Total Time Saving on AI Use in Banking (million hours), UK, 2025-2030, Split by Segment



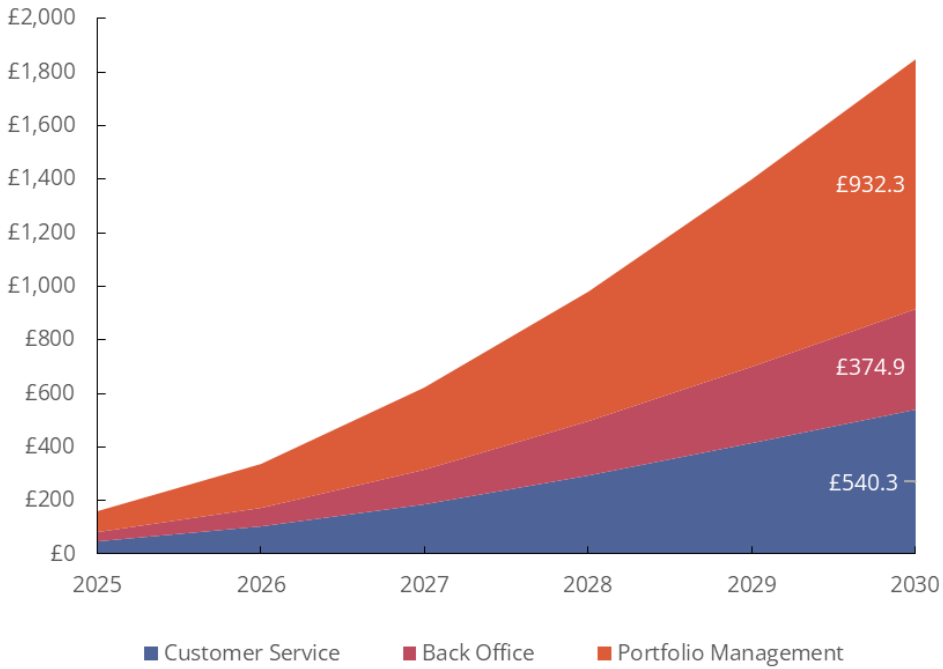
Source: Juniper Research

This analysis projected theoretical cost savings for UK banks, from 2025 to 2030, if employee numbers are reduced in line with AI adoption, across three key functions: customer service, back-office, and portfolio management. Cost savings increase sharply across all three segments, with the largest absolute savings in the back-office, followed by customer service and portfolio management. By 2030, annual savings could reach £932 million in back-office, £540 million in customer service, and £375 million in portfolio management, reflecting the broad impact of AI-driven automation and efficiency. Back-office shows the highest savings potential as these functions, such as compliance and fraud detection, are highly automatable and benefit most from AI's ability to handle large volumes of repetitive tasks.

Customer service also demonstrates strong savings, as we anticipate the continued adoption of AI-powered chatbots and virtual assistants. These tools will resolve a

significant share of routine queries, reduce staffing needs, and improve productivity. Portfolio management, while showing lower savings, still benefits from AI's ability to automate research and reporting. Despite this comparison, GenAI can be used to effectively conduct routine investment tasks and free-up human advisors across portfolio management.

Figure 3.9: Theoretical Cost Saving If Employee Headcount is Reduced in Line with AI Use in Banking (£m), UK, 2025-2030, Split by Segment



Source: Juniper Research

3.3.5 The Road Ahead: Scaling GenAI for Competitive Advantage

As UK banks look to scale GenAI for sustained competitive advantage, the future outlook is defined by both opportunities and critical enablers. This following section covers the key points that will shape for the future of GenAI in banking.

i. Double Down on Data Foundations & Infrastructure

For UK banks, robust data infrastructure will be the cornerstone of successful GenAI scaling. The complexity and size of GenAI models requires secure, cloud-based enterprise data platforms capable of handling vast, structured and unstructured datasets. These platforms must support real-time data access and analytics and enable integration with AI tools and legacy systems. Banks are increasingly investing in modern data storage technologies and advanced analytics tools. This is to ensure that not only is data stored securely, but that it is easily accessible and interpretable by both humans and AI systems. High-quality metadata management, data lineage tracking, and strong data governance are essential to maintain data integrity and regulatory compliance. Given the sensitivity of financial data, banks must enforce strict security protocols and privacy controls, including encryption, access management, and compliance with UK data protection laws.

ii. Move From Pilots to Enterprise-wide Adoption

While many UK banks have experimented with GenAI through pilot projects, the sector is now shifting towards broader, enterprise-wide adoption. This transition requires a strategic alignment of GenAI initiatives with overall business objectives and risk appetite. Banks should develop a comprehensive AI roadmap that prioritises high-impact, feasible use cases. This includes examples such as fraud detection, customer service automation, and compliance monitoring, for worldwide scaling. As banks' investment in GenAI continues to increase, we anticipate that a growing share of their technology budgets will be allocated to AI in 2025. However, the success of this investment hinges on overcoming legacy infrastructure constraints, ensuring cross-functional collaboration, and embedding AI into core business processes rather than treating it as a standalone innovation. Part of this is ensuring that AI is embedded across different product teams, not just in some, which can be a key challenge, creating different rates of adoption and innovation.

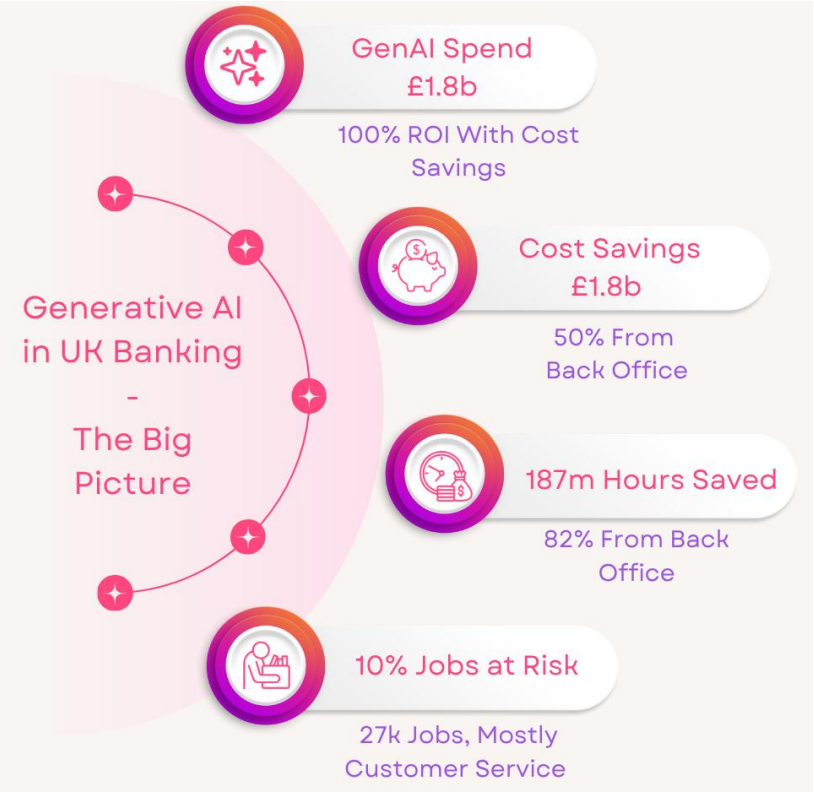
4. GenAI's Impact – The Big Picture

zopa bank

4.1 GenAI's Impact - The Big Picture

This section will examine the big picture impacts across the banking sector, presenting key datapoints on the impact of GenAI across different metrics, such as total savings to banks from GenAI use, the impact on bank profitability, what job displacement is expected, and time saved for customers from GenAI.

Figure 4.1: GenAI in UK Banking – The Big Picture



Source: Juniper Research

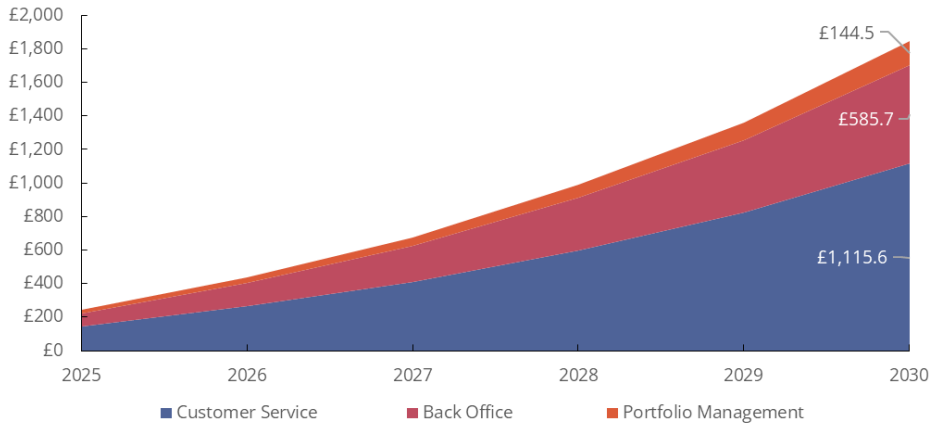
4.1.1 GenAI's Economic Impact: Savings, Investment & Profitability in UK Banking

i. Cost Savings

The anticipated cost savings match the investment at £1.8 billion, indicating a 100% return on investment (ROI) within the first major cycle of GenAI deployment. A 100% ROI is significant, especially considering GenAI is still a relatively new technology. Reaching 100% ROI this quickly indicates that banks will have even stronger value over time as GenAI is fully integrated into processes, adding significant value for banks.

This strong ROI is due to the targeted ways that GenAI can unlock efficiencies across banking, with measurable efficiency gains through saving time and cost-savings across customer service, portfolio management, and back-office operations. As cost savings are projected to match spending, delivering measurable efficiency gains, this implies that banks are not just experimenting with GenAI, but are integrating it into core processes where it can deliver real value.

Figure 4.2: Total Bank Spend in the UK on GenAI Use (£m), 2025-2030, Split by Segment



Source: Juniper Research

a) Customer Service

We project that spending on GenAI for customer service will rise sharply from £146 million in 2025 to £1.1 billion by 2030. This segment consistently commands the majority of GenAI investment, hovering around 60% each year. This is because banks will prioritise customer-facing AI solutions (such as chatbots, virtual assistants, and automated support), to improve customer experience, reduce response times, and cut costs associated with large customer service teams. The sustained high investment level suggests banks see customer engagement as a key competitive differentiator.

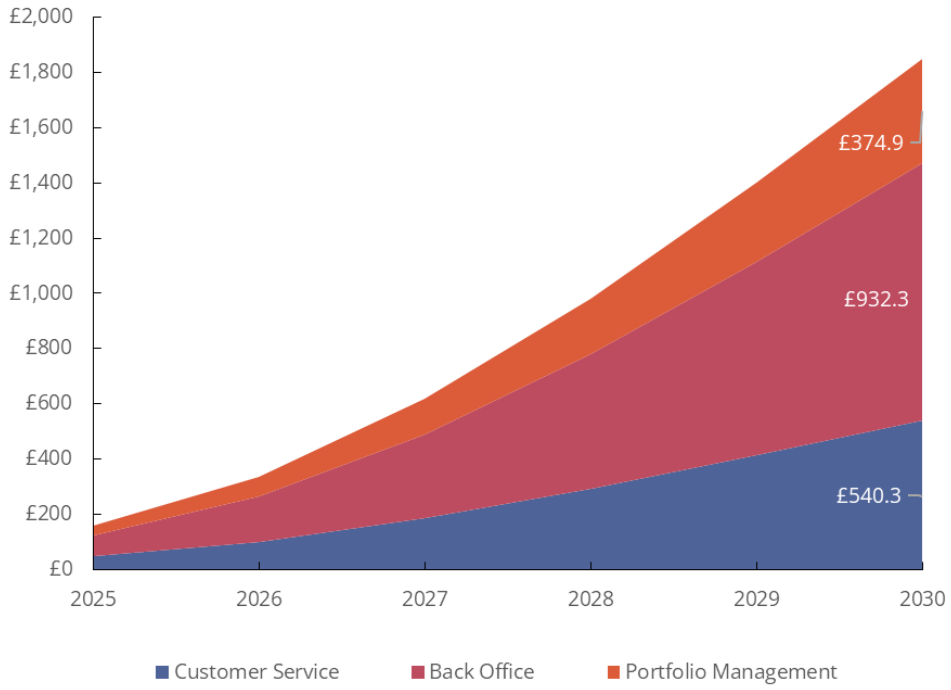
b) Portfolio Management

Our analysis predicts that investment in GenAI for portfolio management will grow from £18.9 million in 2025 to £145 million by 2030. The segment's share of GenAI spend remains modest over the time forecasted, rising from about 8% in 2025 to little more in 2030. While smaller in scale, the steady growth in spend indicates increasing trust in GenAI for tasks such as personalised investment advice, risk analysis, and portfolio optimisation. However, banks may be cautious here due to regulatory complexity and the need for human oversight in financial advice.

c) Back-office

Our research has found that spending on GenAI in back-office banking in the UK will increase from £76.5 million in 2025 to £586 million by 2030. Back-office's share of GenAI spend grows slightly over this period of time, representing about 32% of total spend by 2030. We anticipate banks will heavily invest in automating compliance, fraud detection, document processing, and other administrative tasks. This reflects a strong drive for operational efficiency and cost reduction in areas which are traditionally resource-intensive but not customer-friendly.

Figure 4.3: Theoretical Cost Savings from GenAI Deployments for UK Banks (£m), 2025-2030, Split by Segment

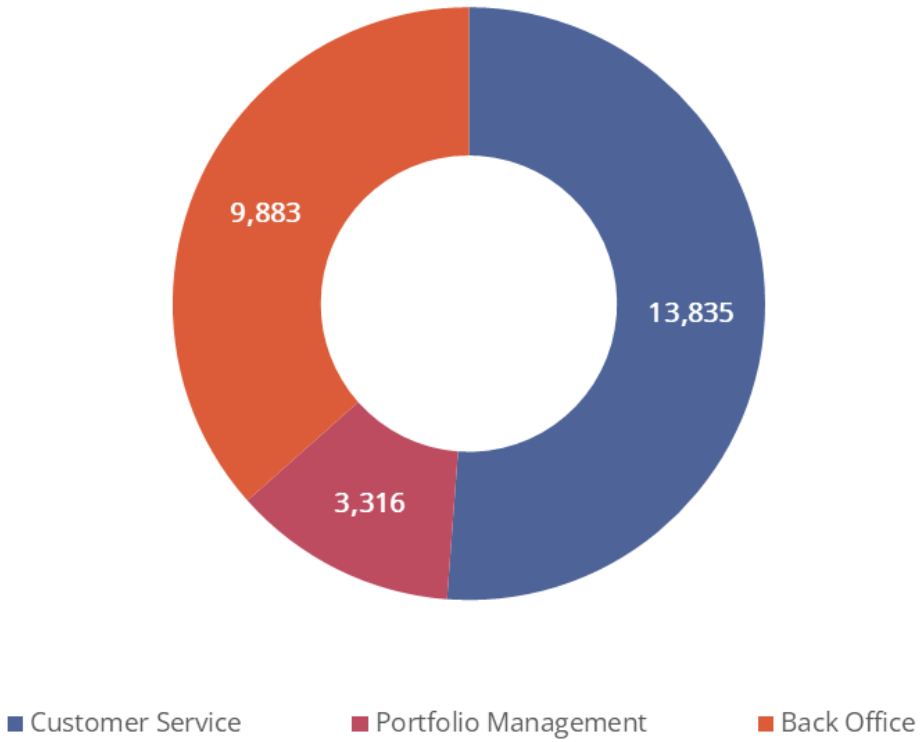


Source: Juniper Research

ii. Job Losses

By 2030, over 27,000 jobs in the UK banking sector will be at risk due to increased efficiencies from AI use, representing around 10% of the banking sector's workforce in the UK today.

Figure 4.4: Total Number of Banking Jobs Lost to AI in the UK, 2030, Split by Segment



Source: Juniper Research

The data highlights a dual impact: visible changes in customer-facing roles, and even greater transformation behind the scenes.

While job displacement is a concern, especially in customer service, the largest efficiency gains are from automating and streamlining back-office processes. This could lead to a shift in workforce demand toward more technical and oversight roles, as well as a need for reskilling.

The job losses are theoretical – what banks will likely do is redeploy staff to create new services and deploy new solutions, improving their fortunes in the competitive UK banking market.

iii. Job Creation

While we are forecasting a significant number of jobs being at risk, these risks can be mitigated with reskilling and a change in the way banks operate, to better leverage human capabilities alongside automation at scale. Indeed, there is the opportunity for the roll out of GenAI to create new jobs and opportunities.

For a start, banks need the right talent and skills to use GenAI effectively, so getting the right skills in place will be of central importance. Beyond this, GenAI can unlock new business models. By moving to a more agile, GenAI-powered operating model, banks can innovate faster, increasing their level of ambition, creating new product lines and ultimately creating new opportunity for both existing and new staff. As such, while GenAI puts some existing roles at risk, it can also create them and will have a positive impact on the industry.

iv. Operational Efficiency & Time Savings

The data shows that over 187 million hours are expected to be saved by 2030, with 82% of these gains being in back-office roles, primarily including fraud and compliance activity.

Fundamentally, this frees up significant human resources for higher value tasks, potentially improving both employee satisfaction and customer service quality, as staff can focus on more complex, personalised interactions.

Specifically in the fraud management area, reducing the level of manual work needed is essential. The introduction of Authorised Push Payment (APP) fraud reimbursement rules in October 2024 means that UK banks have greater responsibilities for reimbursement – as such, using human expertise where it can have the greatest impact is vitally important, can lead to better fraud prevention performance, and lower costs.

The scale of time savings is substantial and suggests that GenAI will not just cut costs but also enable banks to do more with less. This could translate into faster service, fewer errors, and the ability to handle greater transaction volumes without proportional increases in staff.

4.1.2 Conclusion

The data here is clear – GenAI is going to have a transformative impact on the banking market in the UK.

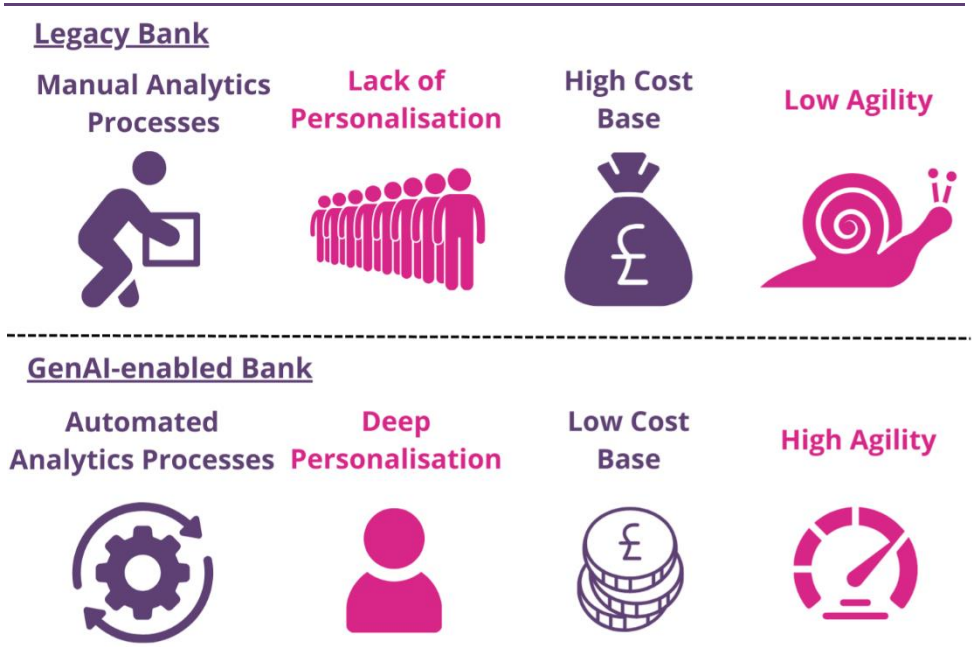
Effective GenAI deployment can unlock profitability – AI use and integration at a platform level has been a key tool for the most successful digital banks in the world.

Legacy banks must adopt GenAI – there is already a capability gap between legacy banks and challenger banks, which have built technologically advanced platforms.

High street banks need to look to close this gap, otherwise they will be increasingly bypassed by digital-only challengers.

By leveraging AI capabilities, digital entrants such as Zopa are providing a superior user experience at lower cost, driving profitability and carving out their role in the market. For legacy banks, it is a case of adapt or lose relevance in the AI revolution.

Figure 4.5: Legacy Banks versus GenAI-enabled Banks



Source: Juniper Research

5. About Zopa

zopa bank

5.1 Zopa Bank

i. Corporate

Zopa was initially founded in 2005, becoming the world's first peer-to-peer (P2P) lending platform, and eventually going on to gain its banking licence in 2020. Zopa Bank's P2P lending side of its business closed in December 2021, with its primary focus now shifting towards offering banking services such as a current account, savings accounts, loans, and credit cards. Zopa Bank was founded by Giles Andrews, alongside Richard Duvall, James Alexander, David Nicholson, and Tim Parlett. Appointed in 2015, the current CEO is Jaidev Janardana, who previously worked at Capital One as Chief Marketing Officer for its UK Business.

In May 2025, Zopa Bank announced it had raised £80 million ($109 m) in Additional Tier 1 capital, which was completed over the London Stock Exchange's International Securities Market and was oversubscribed by over two times from more than 20 investors. Following the transaction, Zopa Group Limited re-registered as an unlisted, public company (PLC). Zopa Bank's shareholders include AP Moller Holding, SoftBank Vision Fund 2, SilverStripe, Augmentum, and Davidson Kempner Capital Management, among others. The round was Zopa's third raise in the last two years, with £309m in total regulatory capital raised since 2023.

Figure 5.1: Zopa Bank Financial Snapshot, 2023-2024

	2023	2024	Change (%)
Pre-tax Profit*	£16.8 million	£34.2 million	104.0%
Total Revenue	£233 million	£303.4 million	30.2%
Deposit Base	£3.4 billion	£5.5 billion	62.5%
Loans on Balance Sheet	£2.7 billion	£3.1 billion	16.2%

Source: Zopa Bank – please note this excludes share-based payments and may differ from how some other banks present pre-tax profit.

ii. Geographical Spread

Zopa Bank is headquartered in London, UK and serves over 1.5 million customers. Zopa Bank has ~900 employees, with 250 specialising in technology.

iii. Key Customers

Zopa Bank's customers include individual consumers using their loans, credit cards, saving accounts, current account and financial health tools. Zopa Bank's business partners include the likes of John Lewis Money, eCommerce merchants such as Simba, Emma, and Swyft, as well as the UK's biggest energy provider, Octopus Energy, and aggregators like ClearScore, Experian, and Compare the Market.

- In June 2025, Zopa Bank announced the launch of its flagship current account, "Biscuit". The launch sees the bank enter everyday banking and address a huge gap in the market, offering an account that combines great value with best-in-class digital experience.
- In October 2024, Zopa Bank announced its strategic partnership with John Lewis Money, to offer personal loans to their 23 million customers. This allowed John Lewis Money customers to access more finance options with greater transparency, and allowing Zopa Bank to expand its customer reach and fuel its business expansion.
- In May 2024, Zopa Bank announced a partnership with the UK's biggest green energy supplier, Octopus Energy. This saw Zopa enter the £23 billion renewable energy market, making our suite of fully regulated BNPL and retail finance products available to Octopus Energy customers across the UK.
- In February 2023, Zopa acquired point-of-sale provider DivideBuy, the acquisition brings to life BNPL 2.0, an evolution of BNPL which Zopa believe delivers an easy, integrated product which customers love whilst also addressing some of the issues around affordability and responsible lending which have plagued the sector.

iv. High-level View of Offerings

Zopa is redefining banking by creating the Home of Money, a bank that makes customers feel at home with their finances. It provides digital banking services that

are built on transparency, with a customer-centric design which encourages financial resilience, all accessible through its easy-to-use mobile app. Zopa Bank's products cover a wide range of financial services, designed to simplify money management and provide value across borrowing, everyday banking, saving, and spending.

- Current accounts: Zopa Bank's current account offering, "Biscuit the best free current account for everyday value, offering market-leading rewards and cashback on bills. This is all backed by automated & digital onboarding, instant virtual cards in app, and Open Banking account aggregation capabilities.
- Personal Loans: Zopa offers unsecured personal loans ranging from £1,000 to £35,000, with repayment terms between one and seven years. The application process is fully online, allowing customers to check their personalised rates in minutes without affecting their credit score. If approved, funds can be received within two hours. Zopa loans feature fixed interest rates for predictable monthly payments, and customers can make overpayments or repay early. The loans are regulated by the Financial Conduct Authority (FCA), and Zopa has won multiple awards for service quality.
- Credit Card: Zopa's credit card is designed for flexibility and control; managed entirely through its mobile app. The card offers features such as real-time spending notifications, the ability to freeze and unfreeze the card instantly, and tools to help manage repayments. Customers can monitor their credit score and borrowing power through the app, making it easier to stay on top of finances. Zopa was named Best Credit Card Provider at the British Bank Awards in 2024 and 2025.
- Savings Accounts (Smart Saver, Smart ISA, Fixed Term Savings): Zopa's Smart Saver account offers flexible savings pots that allow customers to divide their savings for different goals and access competitive interest rates. The account is managed via the app, providing instant access to savings and tools to help track progress. It also offers a Smart ISA, offering the flexibility of Smart Saver with the ability to save tax-free, as well as fixed-term pots for those able to lock their funds away for longer.
- Car Finance: Zopa provides straightforward car finance options, enabling eligible customers to compare offers and secure funding for vehicle purchases. The application process is clear and transparent, with no hidden costs, and customers can manage their finance agreement through the app.

- **Zopa offers an everyday bank account and range of borrowing and saving products backed by an intuitive app:**